

# Brighton & Hove City Council

## Full Council

## Agenda Item 20

**Subject: Joint Notice of Motion from the Labour and Green Groups – standing up for responsible tax conduct**

**Date of meeting: 21 July 2022**

**Proposer: Councillor Allcock**  
**Seconded: Councillor Hugh-Jones**

**Ward(s) affected: All**

This Council notes:

- Around 17.5% of public contracts in the UK have been won by companies with links to tax havens;
- Two thirds of people (66%) believe the Government and local councils should at least consider a company's ethics and how they pay their tax, as well as value for money and quality of service provided, when awarding contracts to companies;

This Council supports the Councils for Fair Tax Declaration which encourages Councils to:-

1. Lead by example and demonstrate good practice in our tax conduct, right across our activities;
2. Ensure IR35 is implemented robustly and contract workers pay a fair share of employment taxes;
3. Discourage the use of offshore vehicles for the purchase of land and property from the Council, especially where this leads to reduced payments of stamp duty;
4. Where appropriate, undertake due diligence to ensure that not-for-profit structures are not being used inappropriately by suppliers as an artificial device to reduce the payment of tax and business rates;
5. Where appropriate, demand clarity on the ultimate beneficial ownership of suppliers UK and overseas and their consolidated profit & loss position, given lack of clarity could be strong indicators of poor financial probity and weak financial standing;
6. Promote Fair Tax Mark certification especially for any business in which we have a significant stake and where corporation tax is due;
7. Support Fair Tax Week events in the area, and celebrate the tax contribution made by responsible businesses are proud to promote responsible tax conduct and pay their fair share of corporation tax;
8. Support calls for urgent reform of UK procurement law to enable local authorities to better penalise poor tax conduct and reward good tax conduct through their procurement policies.

## Supporting Information:

- Paying tax is often presented as a burden, but it shouldn't be.
- Tax enables us to provide services from education, health and social care, to flood defence, roads, policing and defence. It also helps to counter financial inequalities and rebalance distorted economies.
- As recipients of significant public funding, local authorities should take the lead in the promotion of exemplary tax conduct; be that by ensuring contractors are paying their proper share of tax, or by refusing to go along with offshore tax dodging when buying land and property.
- Where councils hold substantive stakes in private enterprises, influence should be wielded to ensure that such businesses are exemplars of tax transparency and tax avoidance is shunned.
- More action is needed, however, as current and proposed new UK procurement law significantly restricts councils' ability to either penalise poor tax conduct (as exclusion grounds are rarely triggered) or reward good tax conduct, when buying goods or services.
- UK cities, counties and towns can and should stand up for responsible tax conduct - doing what they can within existing frameworks and pledging to do more given the opportunity, as active supporters of international tax justice.
- The pressure organisations to pay their fair share of tax has never been stronger;
- Polling from the Institute for Business Ethics finds that "corporate tax avoidance" has, since 2013, been the clear number one concern of the British public when it comes to business conduct;
- It has been conservatively estimated that losses from multinational profit-shifting (just one form of tax avoidance) could be costing the UK some £17bn per annum in lost corporation tax revenues;
- The Fair Tax Mark offers a means for business to demonstrate good tax conduct, and has been secured by a wide range of businesses across the UK, including FTSE-listed PLCs, co-operatives, social enterprises and large private businesses;
- The above Notice of Motion is declaratory and any implementation may require separate decisions.